

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1111 – HB 1174

March 20, 2013

SUMMARY OF ORIGINAL BILL: Defines “publically funded entity” as a facility that receives state or local funds to support the facility’s operations. Requires a referendum before more than 30 percent of the assets of any publically funded entity within the respective local jurisdiction can be offered for sale or lease.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – To the extent any special referendum is held, there will be a permissive increase in local government expenditures estimated to exceed \$6,000. Any other fiscal impact to state and local governments cannot be determined due to multiple unknown factors.

SUMMARY OF AMENDMENT (005085): Deletes and rewrites subsection (b), which defines a “publically funded entity” as a facility that received state or local funds to support the facility’s operations, and excludes entities that receive funding from the Department of Economic and Community Development or the Department of Finance and Administration as a part of any economic development project as defined in Tenn. Code Ann. § 7-40-103.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the Division of Elections, if the referendum were held with a regularly scheduled election, there would be no additional cost; however if a special referendum were held, the cost would vary based on the size of the municipality electing to hold the special referendum. Permissive costs would range from \$6,000 for a smaller local government, to as much as \$500,000, for a larger municipality.
- The fiscal impact of this bill as amended, excluding any costs for holding special referenda, is dependent upon multiple unknown factors such as: the extent to which referenda will prevent the sale or lease of publicly funded entities, or the assets of publicly funded entities; what any sold or leased property would have been utilized for

in the absence of this bill, relative to what the property will be utilized for when referenda prevents a sale or lease; the extent to which property would be reassessed for taxation purposes if sold or leased under current law relative to any reassessment for the property under the provisions of this bill; and the timing of any referenda and subsequent sale or lease of property. Given the extent of unknown factors, precise impacts to state and local governments cannot be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

/jrh